

## **NOTES TO FINANCIAL STATEMENTS**

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies

#### Introduction

The financial statements of Columbia County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards. These standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

As permitted by accounting principles generally accepted in the United States of America, the County has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its government-wide and proprietary operations. The more significant of the County's accounting policies are described below.

#### Reporting entity

Columbia County, Georgia, established in 1790 and named in honor of Christopher Columbus, is located in the Central Savannah River Area of Georgia approximately 135 miles east of Atlanta and five miles northwest of Augusta-Richmond County. The 290 square mile county is bounded on the north by Thurmond Lake and the Savannah River (separating Columbia County from Lincoln County, Georgia, and McCormick and Edgefield Counties, South Carolina), on the south and east by Augusta-Richmond County, and on the west by McDuffie County. The County operates under an elected Commission form of government.

The County is governed by a board of five elected County Commissioners (the "Board"). As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of the operational or financial relationships with the County.

Based upon the application of the GASB Statement No. 14, *The Financial Reporting Entity*, criteria, the following funds are included in the reporting entity.

#### Blended component unit

*Columbia County Solid Waste Management Authority* – The Columbia County Solid Waste Management Authority (SWMA) is governed by an eight member Board of Directors, of which at least three members must be elected officials. Each member of the SWMA is appointed by the Board. Although it is legally separate from the County, the SWMA is reported as if it were part of the primary government because its sole purpose is to perform development, leasing, and long-term planning of a solid waste facility (landfill), reported in the Solid Waste Management Fund, for the County. The SWMA, which is reported as an Enterprise Fund, entered into an intergovernmental agreement with the County to subsidize its operations through the General Fund.

#### Discretely presented component units

*Development Authority of Columbia County* – The component unit column in the government-wide financial statements includes the financial data of the Development Authority of Columbia County. It is reported in a separate column to emphasize that it is legally separate from the County. The Development Authority is governed by a nine member Board of Directors appointed by the Board of Commissioners. The Development Authority serves to promote, pursue and implement economic development in the County. The Development Authority entered into an intergovernmental agreement with the County to subsidize its operations through the General Fund.

*Columbia County Board of Health* – The component unit column in the government-wide financial statements includes the financial data of the Columbia County Board of Health. It is reported in a separate column to emphasize that it is legally separate from the County. The Board of Health is comprised of seven members, four of which are appointed by the Board of Commissioners. The operations of the Board of Health are subsidized through the County's General Fund.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies (Continued)

*Bartram Trail CDC, Inc.*— The component unit column in the government-wide financial statements includes the financial statements of Bartram Trail CDC, Inc. It is reported in a separate column to emphasize that it is legally separate from the County. Columbia County is the sole member of this community development corporation (CDC), which is governed by a five member Board of Directors appointed by the Board of Commissioners. The purpose of Bartram Trail CDC, Inc. is to develop, finance, construct, acquire, and operate a public golf course, clubhouse and related facilities in Columbia County; to finance costs of the project by issuing bonds, notes or other obligations; to convey title, possession and use of the project to Columbia County upon discharge of the debt; and to operate exclusively for charitable and educational purposes.

Complete financial statements of each of the blended and discretely presented component units may be obtained at the County's administrative office. The address is as follows:

Columbia County, Georgia  
General Administrative Offices  
630 Ronald Reagan Drive  
Evans, Georgia 30809

Certain County elected officials collect and disburse taxes, fees, fines, etc. Separate records of accountability are maintained for such transactions, which are recorded as agency funds of the County. Receipts transferred from these funds to the County's General Fund, Debt Service Fund and Special Revenue Funds are included as revenues in these funds. Operating costs for these officials are included as expenditures in the General Fund. These elected officials are as follows:

Tax Commissioner  
Probate Court Judge  
Magistrate Court Judge  
Clerk of Superior Court  
Sheriff

### Basis of Presentation

*Government-wide statements:* The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund financial statements:* The fund financial statements provide information about the County's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies (Continued)

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for the judicial system, public safety, development, health and welfare, recreation, street maintenance and improvements.

**Special Local Option Sales Tax Fund – 2001-2005** - The Special Local Option Sales Tax Fund – 2001-2005 is used to account for property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 2001 through 2005.

The County reports the following nonmajor governmental funds:

**Building Standards Fund** - to account for building permits and inspection fees.

**Federal Asset Sharing Fund** - to account for assets seized or confiscated by federal courts.

**State Condemnation Fund** - to account for assets seized or confiscated by state courts.

**Street Lights Fund** - to account for the street light assessments used for maintenance of street lights in certain subdivisions.

**Recreation Advisory Board Fund** - to account for various projects sponsored by the Recreation Advisory Board to raise funds for recreation equipment.

**911 Fund** - to account for the 911 phone charges used for the maintenance of the 911 phone lines.

**Jail Fund** - to account for fines charged by the County to be used for jail improvements.

**Drug Abuse Treatment Fund** - to account for vice fines charged by the County to be used for drug abuse treatment and prevention.

**Supplemental Juvenile Services Fund** - to account for fines charged to juvenile offenders to be used for juvenile services.

**Community Center Operations Fund** - to account for the activities of the Columbia County community centers.

**Community Greenspace Fund** - to account for funds used to acquire real property for the preservation of greenspace, pursuant to the Georgia Greenspace Program as established in OCGA 36-22-1 et seq.

**Hotel/Motel Fund** - to account for hotel/motel tax collections, pursuant to OCGA 48-13-50 et seq.

**Multiple Grant Fund** – to account for all grants not meeting the 2% materiality test and not used to finance general fund operations.

**Library Board Fund** – to account for the activity of the Columbia County Library.

**Clean and Beautiful Memorial Fund** – to account for funds used for beautification projects on County property.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies (Continued)

**Fire Services Fund** – to account for taxes collected in special service districts within the unincorporated area for purpose of providing fire services.

**Sheriff's Gift/Donations Fund** – to account for funds donated to the Sheriff's office from external persons or entities.

**Special Local Option Sales Tax Fund 1996 – 2000** - to account for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 1996 through 2000.

**Capital Road/Drainage Projects Fund** - to account for special projects funded by Insurance Premium Tax.

**Airport Authority Fund** – to account for the activity of the Columbia County Airport Authority.

**General Obligation Bond Projects Fund** - to account for construction projects funded through General Obligation Bonds.

**Windmill Sewer Project Fund** - to account for the extension of sewer lines to Windmill Plantation subdivision.

**Debt Service Fund** – to account for funds designated to be used for principal and interest payments on governmental fund debt.

The County reports the following major enterprise funds:

**Water and Sewerage Fund** – to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

**Solid Waste Authority Fund** - to account for debt service, construction and property of the landfill.

**Solid Waste Management Fund** - to account for the cost of operating and maintaining the landfill facility.

The County reports the following nonmajor enterprise funds:

**Storm Water Utility Fund** – to account for the cost of providing storm water management services and maintaining and improving the County's storm water infrastructure.

Additionally, the County reports the following fund types:

**Internal Service Funds** – Internal Service Funds are used to account for the operations that provide services to other departments or agencies for the government, on a cost-reimbursement basis. The County has three internal service funds:

**Employee Medical Fund** – to account for employer and employee contributions to the County's insurance program.

**Risk Management Fund** – to account for the County's risk management program.

**Customer Service/Information Center Fund** – to account for the County's customer service/information center program.

**Employees' Retirement Pension Trust Fund** – This fund accounts for the employer's contributions to the retirement program, together with interest and dividend income which are used to fund the program.

**Agency Funds** – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds:

**Clerk of Superior Court** - to account for the receipt and disbursement of court ordered fines and fees made on behalf of third parties.



# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies (Continued)

**Probate Court** - to account for the receipt and disbursement of funds held on behalf of others and fees for services provided under State law.

**Magistrate Court** - to account for the receipt and disbursement of bonds and court ordered fines and fees made on behalf of third parties.

**Sheriff's Office** - to account for the receipt and disbursement of fees and services provided under State law.

**Tax Commissioner** - to account for tax billings, collections, and remittances held by the Tax Commissioner on behalf of other governmental agencies.

**General Trust and Agency** - to account for miscellaneous receipts held on behalf of other governments and/or other funds.

### Measurement Focus and Basis of Accounting

*Government-wide, Proprietary and Fiduciary Fund Financial Statements* – The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, licenses, interest revenues and charges for services. State-shared revenues collected and held by the state at year-end on behalf of the County also are recognized as revenue. Fines, fees and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, both restricted and unrestricted net assets are available to finance the program. The County's policy is to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies (Continued)

#### Cash and cash equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, deposits with insignificant early withdrawal penalties, and short-term investments with an original maturity of three months or less.

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Nonparticipating interest-earning investment contracts (investments whose value is not affected by interest rate or other market changes), including savings accounts, certificates of deposit, repurchase agreements, money market investments (short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations) and participating interest-bearing investment contracts, that have a remaining maturity at purchase of one year or less are reported at cost or amortized cost assuming their fair value has not been impacted by changes in the credit worthiness of the issuer or similar factors. All other investments are reported at fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

#### Investments

Investments are reported at fair value, which is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market. There are no investments reported at amortized cost.

#### Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### Allowance for bad debt

The allowance for bad debt covers amounts owed from individuals, companies and other entities which have purchased services from County owned entities or which have been provided services from the County. The allowance was determined by analysis of the year-end receivable balances for those accounts which the County believes will not be collected based on past history.

#### Interfund receivables/payables and internal balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and as "internal balances" on the statement of net assets in the government-wide financial statements.

#### Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### Restricted assets

Proceeds from debt and funds set aside for payment of Enterprise Fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indebtedness. Other cash funds available for use for specific purposes are classified as restricted.

#### Capital assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. This minimum capitalization cost is applicable for all categories of capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, consist of the streets network that was acquired or that received substantial improvements subsequent to July 1, 1980. The streets network is reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed as incurred.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 1 - Summary of significant accounting policies (Continued)

Depreciation is computed using the straight-line method. A summary of the estimated useful lives is as follows:

Vehicles	3 to 8 years
Furniture and fixtures	3 to 8 years
Machinery and equipment	5 to 10 years
Water and Sewer systems	10 to 50 years
Storm water systems	10 to 50 years
Buildings and improvements	10 to 50 years
Infrastructure	25 to 75 years

### Construction cost - capitalization

In the proprietary funds, construction costs include costs incurred in the construction of assets, engineering fees and capitalized net interest costs as defined in FASB Statement No. 34, *Capitalization of Interest Cost* and FASB Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, for specified projects. Capitalized interest totaling approximately \$834,000 was recorded for the year ended June 30, 2004.

### Compensated absences

The County's policy is to permit employees to accumulate earned but unused leave benefits. The County's government-wide and proprietary funds include an accrual for the estimated compensation costs attributable to employee earned but unused leave benefits.

### Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures during the period the costs are incurred. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Net assets/fund balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The equity section of the governmental fund financial statement balance sheet is comprised of these major fund balance elements: reserved, unreserved/designated and unreserved/undesignated. Reserves represent the portion of fund balance that is (1) not available for appropriation or expenditure and/or (2) is segregated legally for a specific future use. To indicate tentative future plans for current resources, a portion of unreserved fund balance is shown as designated. All other current resources are shown as unreserved, undesignated on the balance sheet.

### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.



# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 2 - Stewardship, compliance, and accountability

#### Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund, proprietary funds and special revenue funds. The County adopts a project length budget for each capital project fund.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Director of Financial Services begins receiving various departmental and agency budget requests for the fiscal year commencing July 1.
2. The County Administrator, Director of Financial Services, Board of Commissioners and other administrative personnel review in detail the budget requests with the departments and agencies.
3. Along with the budget review, public hearings are conducted to obtain citizen comments.
4. The proposed operating budgets are formally adopted by the Board in June for the fiscal year commencing July 1.
5. The legal level of budgetary control is the department level.
6. All appropriations lapse at year-end.
7. The operating budgets originally adopted may be amended throughout the year as presented below:
  - a. Transfers within departments except salary line items may be authorized by the County Administrator.
  - b. Transfers between departments or funds shall be by authority of the Board.
  - c. Increase or decrease in the total fund appropriation shall be by authority of the Board.
  - d. Increase or decrease in salary appropriation within any department shall be by authority of the Board.
  - e. Appropriation of fund balances in excess of established reserve requirements shall be by authority of the Board.
  - f. Items b - e above must be reviewed by the Management and Financial Services Committee.

#### Excess of expenditures over appropriations in individual departments

During the year, County expenditures did not exceed the total budget authorization.

#### Deficit fund balances or net assets

The following funds had deficits at June 30, 2004:

#### Special Revenue Funds

**Community Center Operations Fund** - The fund deficit of \$548,794 is due primarily to maintenance costs of the facility not supported through rental fees. The deficit will be funded by future rental fees as utilization of the Center increases and transfers from the General Fund.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 2 - Stewardship, compliance, and accountability (Continued)

**Fire Services Fund** – The fund deficit of \$2,163,396 is due primarily to the fund being in the first year of operation. Taxes were not collected during the fiscal year. The deficit will be funded by transfers from the General Fund and the new Insurance Premium Tax Fund.

### Enterprise Funds

**Solid Waste Management Fund**- The deficit net assets of \$147,342 is primarily a result of an increase in vehicle maintenance costs. The deficit will be funded with future revenues.

### Note 3 - Deposits and investments

Statutes authorize the County to make direct investments in obligations of the State of Georgia or the U.S. Government, obligations fully insured or guaranteed by the U.S. Government, repurchase agreements and certificates of deposit which are secured by direct obligations of Georgia or the U.S. Government.

The carrying amount of the primary government's deposits with financial institutions was \$57,747,419 and the bank balance was \$58,382,796. The carrying amount of the component units' deposits with financial institutions was \$316,020 and the bank balance was \$395,539. The bank balance is categorized as follows:

	Primary Government	Component Unit
Amount insured by the FDIC	\$ 700,000	\$ 161,000
Amount collateralized with securities held by the pledging financial institution's trust department in the County's name	57,682,796	234,539
Amount uncollateralized	-	-
Total bank balance	\$ 58,382,796	\$ 395,539

Investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the County's name.

	Risk Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government securities	\$ -	\$ 10,746,825	\$ -	\$ 10,746,825	\$ 10,746,825
Non-credit risk investments					
Cash – deposits with brokerage houses				9,388,523	
Mutual funds				7,553,842	
Insurance contracts				2,014,508	
Cash – deposits with financial institutions				57,747,419	
Cash on hand				9,265	
Total cash and cash equivalents				\$ 87,460,382	

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 3 - Deposits and investments (continued)

The amounts on the previous table are classified in the accompanying balance sheet as follows:

Cash and cash equivalents – unrestricted	\$ 48,009,946
Investments – unrestricted	30,608,823
Cash and cash equivalents – restricted	6,861,669
Investments – restricted	<u>1,979,944</u>
	<u>\$ 87,460,382</u>

Component units - Deposits consisted of cash deposits with financial institutions, cash on hand, and deposits with brokerage houses. The amounts are classified in the accompanying balance sheet as follows:

Cash and cash equivalents – unrestricted – Development Authority	\$ 61,509
Cash and cash equivalents – unrestricted – Board of Health	254,511
Cash and cash equivalents – restricted – Bartram Trail CDC	<u>5,746,934</u>
	<u>\$ 6,062,954</u>

### Note 4 - Receivables

Property taxes are an enforceable lien on property owned as of January 1. The tax rate is normally set by the end of August, and property taxes may be paid after receipt of the tax bill. Taxes are delinquent sixty-one days after mailing by the Tax Commissioner. Property tax revenues are recognized when they become measurable and available. Available revenues include those property tax receivables expected to be collected within sixty days.

Vehicles become subject to property tax on January 1 following the year of purchase. The tax is due on the registered owner's date of birth. Tax is determined based on the assessed value of the vehicle as of January 1.

Property taxes are recorded as receivables when levied. Property taxes receivable, reduced by an allowance for doubtful accounts and amounts collected within sixty days of the statement date (the amount "available"), is recorded as deferred revenue until collected. Such revenue is deferred because the amount is measurable, although not available.

Property taxes were levied on August 28, 2003. Tax bills were mailed on September 12, 2003 and were due upon receipt. Property taxes were delinquent if not paid by November 16, 2003.

The receivable amounts on the accompanying statements are net of an allowance for doubtful accounts. The allowances are as follows:

Receivable	Fund	Amount
Taxes	General Fund	\$ 15,000
Accounts	Solid Waste Management Fund	184,642

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 5 - Interfund balances and activities

#### Due From/To Other Funds

The composition of interfund balances as of June 30, 2004 are as follows:

Receivable Fund	Payable Fund						Total
	General	SPLOST 2001-2005	Water and Sewerage	Solid Waste Authority	Solid Waste Management	Other Nonmajor Funds	
General	\$ -	\$ 114,428	\$ -	\$ -	\$ 138,037	\$ 3,980,142	\$ 4,232,607
Water and Sewerage	13,523	-	-	-	-	-	13,523
Solid Waste Management	-	-	-	135,397	-	-	135,397
Other Nonmajor Funds	6,321,671	-	5,431	-	-	53,525	6,380,626
	<u>\$ 6,335,194</u>	<u>\$ 114,428</u>	<u>\$ 5,431</u>	<u>\$ 135,397</u>	<u>\$ 138,037</u>	<u>\$ 4,033,667</u>	<u>\$ 10,762,154</u>

The County uses Due to / Due From accounts to account for loans between funds for cash management purposes.

#### Transfers To/From Other Funds

Transfers in (out) for the year ended June 30, 2004 are summarized below:

Transfer out:	Transfer in:		
	Nonmajor Governmental		
	General Fund	Funds	Total
Nonmajor governmental funds	<u>\$ 182,010</u>	<u>\$ 34,353</u>	<u>\$ 216,363</u>
Total transfers	<u>\$ 182,010</u>	<u>\$ 34,353</u>	<u>\$ 216,363</u>

Transfers between the General Fund and other nonmajor governmental funds were primarily to support the operations of the funds.

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# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 6 – Capital assets

A summary of changes in the capital assets is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,444,297	\$ 802,541	\$ -	\$ 7,246,838
Infrastructure - Right of way land	18,604,806	91,631	-	18,696,437
Construction in process	4,911,005	4,918,432	-	9,829,437
Total capital assets not being depreciated	<u>29,960,108</u>	<u>5,812,604</u>	<u>-</u>	<u>35,772,712</u>
Capital assets being depreciated:				
Buildings	68,979,618	60,477	-	69,040,095
Improvements other than buildings	2,502,659	-	-	2,502,659
Infrastructure	139,348,801	8,226,013	-	147,574,814
Vehicles, machinery and equipment	10,893,354	1,253,241	(217,546)	11,929,049
Total capital assets being depreciated	<u>221,724,432</u>	<u>9,539,731</u>	<u>(217,546)</u>	<u>231,046,617</u>
Less accumulated depreciation for:				
Buildings	(23,194,849)	(2,445,385)	-	(25,640,234)
Improvements other than buildings	(33,028)	(62,566)	-	(95,594)
Infrastructure	(121,072,735)	(2,315,978)	-	(123,388,713)
Vehicles, machinery and equipment	(7,994,529)	(1,269,510)	216,582	(9,047,457)
Total accumulated depreciation	<u>(152,295,141)</u>	<u>(6,093,439)</u>	<u>216,582</u>	<u>(158,171,998)</u>
Total capital assets being depreciated, net	<u>69,429,291</u>	<u>3,446,292</u>	<u>(964)</u>	<u>72,874,619</u>
Governmental activities capital assets, net	<u>\$ 99,389,399</u>	<u>\$ 9,258,896</u>	<u>\$ (964)</u>	<u>\$ 108,647,331</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 889,437
Judicial	19,553
Public safety	1,862,318
Public works	2,823,259
Recreation and parks	270,101
Housing and development	69,155
Health and welfare	159,616
	<u>\$ 6,093,439</u>

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 6 – Capital assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Water and Sewerage Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 272,141	\$ 200,000	\$ -	\$ 472,141
Construction in process	15,220,151	16,664,064	(2,242,823)	29,641,392
Total capital assets not being depreciated	15,492,292	16,864,064	(2,242,823)	30,113,533
Capital assets being depreciated:				
Buildings	1,499,805	-	-	1,499,805
Utility plant and distribution systems	87,994,792	2,042,823	-	90,037,615
Donated subdivisions	47,802,676	2,954,986	-	50,757,662
Machinery and equipment	2,692,037	228,183	-	2,920,220
Furniture	19,124	-	-	19,124
Vehicles	1,547,699	60,207	(53,570)	1,554,336
Total capital assets being depreciated	141,556,133	5,286,199	(53,570)	146,788,762
Less accumulated depreciation for:				
Buildings	(379,941)	(49,063)	-	(429,004)
Utility plant and distribution systems	(24,857,765)	(2,117,408)	-	(26,975,173)
Donated subdivisions	(15,868,639)	(1,238,607)	-	(17,107,246)
Machinery and equipment	(1,367,112)	(422,696)	-	(1,789,808)
Furniture	(11,597)	(1,369)	-	(12,966)
Vehicles	(947,932)	(200,262)	53,570	(1,094,624)
Total accumulated depreciation	(43,432,986)	(4,029,405)	53,570	(47,408,821)
Total capital assets being depreciated, net	98,123,147	1,256,794	-	99,379,941
Water and Sewerage Fund capital assets, net	\$ 113,615,439	\$ 18,120,858	\$ (2,242,823)	\$ 129,493,474
<b>Solid Waste Authority Fund</b>				
Capital assets not being depreciated:				
Land	\$ 552,894	\$ -	\$ -	\$ 552,894
Capital assets being depreciated:				
Land improvements	96,101	-	-	96,101
Buildings	34,830	-	-	34,830
Improvements other than buildings	6,350,218	-	-	6,350,218
Machinery and equipment	371,593	-	-	371,593
Total capital assets being depreciated	6,852,742	-	-	6,852,742
Less accumulated depreciation for:				
Land improvements	(96,101)	-	-	(96,101)
Buildings	(28,945)	(4,204)	-	(33,149)
Improvements other than buildings	(4,762,663)	(635,022)	-	(5,397,685)
Machinery and equipment	(371,593)	-	-	(371,593)
Total accumulated depreciation	(5,259,302)	(639,226)	-	(5,898,528)
Total capital assets being depreciated, net	1,593,440	(639,226)	-	954,214
Solid Waste Authority Fund capital assets, net	\$ 2,146,334	\$ (639,226)	\$ -	\$ 1,507,108



# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 6 – Capital assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities - continued:</b>				
<b>Solid Waste Management Fund:</b>				
Capital assets being depreciated:				
Machinery and equipment	\$ 287,847	\$ -	\$ -	\$ 287,847
Vehicles	544,460	-	-	544,460
Total capital assets being depreciated	832,307	-	-	832,307
Less accumulated depreciation for:				
Machinery and equipment	(28,785)	(57,569)	-	(86,354)
Vehicles	(359,038)	(74,169)	-	(433,207)
Total accumulated depreciation	(387,823)	(131,738)	-	(519,561)
Total capital assets being depreciated, net	444,484	(131,738)	-	312,746
Solid Waste Management Fund capital assets, net	\$ 444,484	\$ (131,738)	\$ -	\$ 312,746
<b>Storm Water Utility Fund, nonmajor</b>				
Capital assets not being depreciated:				
Land	\$ 400,645	\$ -	\$ -	\$ 400,645
Capital assets being depreciated:				
Machinery and equipment	262,451	-	-	262,451
Furniture and fixtures	8,449	-	-	8,449
Storm water systems	7,161,658	1,590,585	-	8,752,243
Total capital assets being depreciated	7,432,558	1,590,585	-	9,023,143
Less accumulated depreciation for:				
Machinery and equipment	(101,743)	(52,490)	-	(154,233)
Furniture and fixtures	(5,915)	(1,690)	-	(7,605)
Storm water systems	(4,052,452)	(368,983)	-	(4,421,435)
Total accumulated depreciation	(4,160,110)	(423,163)	-	(4,583,273)
Total capital assets being depreciated, net	3,272,448	1,167,422	-	4,439,870
Storm Water Utility Fund capital assets, net	\$ 3,673,093	\$ 1,167,422	\$ -	\$ 4,840,515
<b>Business-type activities capital assets, net</b>	<b>\$ 119,879,350</b>	<b>\$ 18,517,316</b>	<b>\$ (2,242,823)</b>	<b>\$ 136,153,843</b>

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 6 – Capital assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Discretely presented component units</b>				
<b>Development Authority</b>				
Capital assets not being depreciated:				
Land	\$ 460,594	\$ -	\$ -	\$ 460,594
Construction in progress	28,600	-	-	28,600
Total capital assets not being depreciated	489,194	-	-	489,194
Capital assets being depreciated:				
Buildings	2,286,429	-	-	2,286,429
Land improvements	98,641	-	-	98,641
Total capital assets being depreciated	2,385,070	-	-	2,385,070
Less accumulated depreciation for:				
Buildings	(411,558)	(91,457)	-	(503,015)
Land improvements	(3,699)	(2,466)	-	(6,165)
Total accumulated depreciation	(415,257)	(93,923)	-	(509,180)
Total capital assets being depreciated, net	1,969,813	(93,923)	-	1,875,890
Development Authority capital assets, net	\$ 2,459,007	\$ (93,923)	\$ -	\$ 2,365,084
<b>Board of Health</b>				
Capital assets being depreciated:				
Machinery and equipment	\$ 258,743	\$ -	\$ -	\$ 258,743
Total capital assets being depreciated	258,743	-	-	258,743
Less accumulated depreciation for:				
Machinery and equipment	(179,560)	(51,749)	-	(231,309)
Total accumulated depreciation	(179,560)	(51,749)	-	(231,309)
Total capital assets being depreciated, net	79,183	(51,749)	-	27,434
Board of Health capital assets, net	\$ 79,183	\$ (51,749)	\$ -	\$ 27,434
<b>Bartram Trail CDC</b>				
Capital assets not being depreciated:				
Land	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Construction in progress	-	2,105,810	-	2,105,810
Total capital assets not being depreciated	-	3,605,810	-	3,605,810
Bartram Trail CDC capital assets, net	\$ -	\$ 3,605,810	\$ -	\$ 3,605,810

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 - Long-term and short-term obligations

#### A. General obligation bonds – serviced by the General Fund

##### General Obligation Bonds Series 1998

On October 1, 1998, the County issued the \$28,715,000 Columbia County, Georgia, General Obligation Bonds Series 1998.

The Series 1998 Bonds were issued to (a) finance the costs of acquiring, constructing and equipping a new courthouse annex and renovating the existing courthouse, (b) finance the costs of improving the existing County detention center and (c) pay certain costs of issuing the Series 1998 Bonds.

Interest on the General Obligation Bonds, Series 1998 is to be paid semi-annually on February 1 and August 1 of each year and principal is paid February 1 of each year as follows:

Governmental activities				Coupon
June 30,	Principal	Interest	Total	Rate
2005	\$ 495,000	\$ 1,389,550	\$ 1,884,550	3.95
2006	580,000	1,369,998	1,949,998	4.00
2007	655,000	1,346,798	2,001,798	4.05
2008	745,000	1,320,270	2,065,270	4.15
2009	830,000	1,289,352	2,119,352	4.25
2010-2014	5,480,000	5,769,943	11,249,943	5.00-4.80
2015-2019	7,810,000	4,185,916	11,995,916	4.85-5.63
2020-2024	10,875,000	1,738,750	12,613,750	5.63-5.00
	<u>\$ 27,470,000</u>	<u>\$ 18,410,577</u>	<u>\$ 45,880,577</u>	

#### B. Revenue Bonds – serviced by the Water and Sewerage Fund (the “System”)

The Water and Sewerage Revenue Bond Ordinances provide that certain funds be established and maintained while the bonds are outstanding. The funds required and the purpose of each, are as follows:

1. Revenue Fund - To receive all revenue of the water and sewer operation, and fund the other required funds.
2. Sinking Funds - To provide a means for payment of principal and interest.
3. Renewal and Extension Fund - To make replacements, additions, extensions and improvements to the system, and to pay principal and interest on bonds and any obligations payable from the sinking fund.
4. Operation, Maintenance and Repair Fund - To pay reasonable and necessary costs of operating, maintaining and repairing the system.
5. Arbitrage Rebate Fund - To assure compliance with the provisions of the Internal Revenue Code.

The ordinance specifies the minimum levels of funding required to be maintained in the sinking funds and the Renewal and Extension fund. Each bond is secured by a first lien on and pledge of the net revenues of the System. The following is a schedule of the outstanding revenue bonds in the System:

# **COLUMBIA COUNTY, GEORGIA**

## **Notes to Financial Statements - Continued**

**June 30, 2004**

### **Note 7 - Long-term and short-term obligations (continued)**

#### **Series 1993**

In connection with the refunding of the 1988 Water and Sewerage Refunding Revenue Bonds, the System issued Series 1993 Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$10,735,000.

Principal and interest are to be paid semi-annually on June 1 and December 1 of each year.

#### **Series 1996**

On March 1, 1996, the System issued \$14,800,000 Water & Sewerage Revenue Bonds, Series 1996. In connection with the refunding Series 2001A, the System partially refunded Series 1996 in the amount of \$10,395,000.

The Series 1996 Bonds were issued to provide funds, together with other available funds of the System, to (a) finance, in whole or in part, the cost of adding to, improving, extending and equipping the Water and Sewerage System of said County, and (b) pay certain expenses necessary to accomplish the foregoing.

The Series 1996 Bonds are secured by a first lien on and pledge of the net revenues of the Water and Sewerage System on a parity with the Columbia County Water and Sewerage Bonds, Series 1986 and 1988 issued during prior years. Principal and interest on the Series 1996 Bonds is insured by a municipal bond insurance policy issued by AMBAC Indemnity Corporation simultaneously with the delivery of the Series 1996 Bonds.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

#### **Series 1996A**

In connection with the refunding of the 1991A Water and Sewerage Revenue Bonds, the System issued Series 1996A Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$6,970,000.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

#### **Series 2000**

On March 1, 2000, the System issued \$25,000,000 Water & Sewerage Revenue Bonds Series 2000. In connection with the refunding Series 2001A, the System partially refunded Series 2000 in the amount of \$8,510,000.

The Series 2000 Bonds were issued to provide funds, together with other funds of the County available therefore, to (a) finance, in whole or in part, the cost of adding to, improving, extending and equipping the Water and Sewerage System of said County, and (b) pay certain expenses necessary to accomplish the foregoing.

The Series 2000 Bonds are secured by a first lien on and pledge of the net revenues of the Water and Sewerage System. Payment of the principal and interest on the Series 2000 Bonds is insured by a municipal bond insurance policy which was issued by Financial Guaranty Insurance Company simultaneously with the delivery of the Series 2000 Bonds.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

#### **Series 2001**

In connection with the refunding of the 1992 Water and Sewerage Revenue Bonds, the System issued Series 2001 Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$12,155,000.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 - Long-term and short-term obligations (continued)

#### Series 2001A

In connection with the refunding of the 1996 Water and Sewerage Revenue Bonds and 2000 Water and Sewerage Revenue Bonds, the System issued Series 2001A Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$21,020,000.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

#### C. Revenue Bonds – serviced by the Solid Waste Management Fund

On November 1, 1994, the Solid Waste Management Authority of Columbia County, Georgia, issued \$7,970,000 Landfill Revenue Bonds, Series 1994.

The Series 1994 Bonds were issued to (a) finance the cost of certain improvements to the Landfill Facility, and (b) to pay certain costs of issuing the Series 1994 Bonds.

The Series 1994 Bonds are limited, special obligations of the Authority and are secured and payable from revenues received under an Intergovernmental Agreement for the development, leasing and operation of a solid waste facility between the Authority and Columbia County. The scheduled payment of principal and interest on the Series 1994 Bonds when due is guaranteed under an insurance policy issued with the delivery of the Series 1994 Bonds by Municipal Bond Investors Assurance Corporation.

Interest is to be paid semi-annually on January 1 and July 1 of each year and principal is to be paid annually on July 1 each year.

#### D. Summary of Revenue Bonds outstanding

A summary of revenue bond indebtedness as of June 30, 2004, is as follows:

Water and Sewerage Refunding Revenue Bonds, Series 1993	\$ 3,955,000
Water and Sewerage Refunding Revenue Bonds, Series 1996	75,000
Water and Sewerage Refunding Revenue Bonds, Series 1996A	5,845,000
Water and Sewerage Refunding Revenue Bonds, Series 2000	15,865,000
Water and Sewerage Refunding Revenue Bonds, Series 2001	10,295,000
Water and Sewerage Refunding Revenue Bonds, Series 2001A	20,600,000
Landfill Revenue Bonds	<u>2,375,000</u>
Total Outstanding Revenue Debt	<u>59,010,000</u>
Bond issue discounts	(48,099)
Deferred loss on refunding	<u>(3,076,497)</u>
	\$ <u>55,885,404</u>

The annual requirements of principal and interest to amortize each of the County's outstanding revenue debt as of June 30, 2004 are as follows:

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 - Long-term and short-term obligations (continued)

Business-type Activities					
Revenue Bond Debt					
June 30,	Principal	Interest	Total	Coupon	
<b>Water and Sewerage Refunding Revenue Bonds, Series 1993</b>					
2005	\$ 840,000	\$ 195,225	\$ 1,035,225	5.55	
2006	850,000	149,295	999,295	5.55	
2007	925,000	100,039	1,025,039	5.55	
2008	1,035,000	45,648	1,080,648	5.55	
2009	305,000	8,464	313,464	5.55	
	<u>\$ 3,955,000</u>	<u>\$ 498,671</u>	<u>\$ 4,453,671</u>		
<b>Water and Sewerage Unrefunded Revenue Bonds, Series 1996</b>					
2005	\$ 35,000	\$ 3,753	\$ 38,753	4.95	
2006	40,000	2,020	42,020	5.05	
	<u>\$ 75,000</u>	<u>\$ 5,773</u>	<u>\$ 80,773</u>		
<b>Water and Sewerage Refunding Bonds, Series 1996A</b>					
2005	\$ 765,000	\$ 304,200	\$ 1,069,200	4.95	
2006	795,000	266,333	1,061,333	5.05	
2007	840,000	226,185	1,066,185	5.10	
2008	880,000	183,345	1,063,345	5.20	
2009	925,000	137,585	1,062,585	5.30	
2010-2014	1,640,000	124,740	1,764,740	5.40	
	<u>\$ 5,845,000</u>	<u>\$ 1,242,388</u>	<u>\$ 7,087,388</u>		
<b>Water and Sewerage Unrefunded Revenue Bonds, Series 2000</b>					
2005	\$ 300,000	\$ 875,045	\$ 1,175,045	4.87	
2006	400,000	860,435	1,260,435	4.93	
2007	450,000	840,715	1,290,715	4.98	
2008	500,000	818,305	1,318,305	5.02	
2009	550,000	793,205	1,343,205	5.07	
2010-2014	600,000	3,703,720	4,303,720	5.12	
2015-2019	1,555,000	3,673,000	5,228,000	5.12	
2020-2024	9,300,000	2,210,175	11,510,175	5.12	
2025	2,210,000	121,550	2,331,550	5.12	
	<u>\$ 15,865,000</u>	<u>\$ 13,896,150</u>	<u>\$ 29,761,150</u>		
<b>Water and Sewerage Refunding Revenue Bonds, Series 2001</b>					
2005	\$ 735,000	\$ 411,860	\$ 1,146,860	3.25	
2006	800,000	387,973	1,187,973	3.50	
2007	800,000	359,972	1,159,972	3.65	
2008	795,000	330,773	1,125,773	3.80	
2009	1,580,000	300,562	1,880,562	4.00	
2010-2014	5,585,000	448,800	6,033,800	4.25	
	<u>\$ 10,295,000</u>	<u>\$ 2,239,940</u>	<u>\$ 12,534,940</u>		



# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 - Long-term and short-term obligations (continued)

Business-type Activities, continued				
Revenue Bond Debt				
June 30,	Principal	Interest	Total	Rate
<b>Water and Sewerage Refunding Revenue Bonds, Series 2001A</b>				
2005	\$ 150,000	\$ 890,855	\$ 1,040,855	3.00
2006	155,000	886,355	1,041,355	3.13
2007	195,000	881,511	1,076,511	3.38
2008	195,000	874,930	1,069,930	3.60
2009	205,000	867,910	1,072,910	3.70
2010-2014	12,655,000	3,735,925	16,390,925	3.80-4.50
2015-2019	7,045,000	713,540	7,758,540	4.40-4.70
	<u>\$ 20,600,000</u>	<u>\$ 8,851,026</u>	<u>\$ 29,451,026</u>	
<b>Solid Waste Management Authority Revenue Bonds, Series 1994</b>				
2005	\$ 1,140,000	\$ 108,632	\$ 1,248,632	5.95
2006	1,235,000	37,359	1,272,359	6.05
	<u>\$ 2,375,000</u>	<u>\$ 145,991</u>	<u>\$ 2,520,991</u>	

### E. Notes Payable

The Water and Sewerage System has entered into agreements with the Georgia Environmental Facilities Authority (GEFA) whereby the System receives a loan for each agreement to assist in various pre-approved construction projects. Notes payable to the Georgia Environmental Facilities Authority are as follows:

The \$226,569 note payable to GEFA, with quarterly payments of \$4,728, including principal and interest at 6.8%.	\$ 118,658
The \$707,006 note payable to GEFA, with quarterly payments of \$15,235, including principal and interest at 6.0%.	227,116
The \$646,607 note payable to GEFA, with quarterly payments of \$13,158, including principal and interest at 5.3%.	229,852
The \$1,000,000 note payable to GEFA, with quarterly payments of \$21,985, including principal and interest at 6.25%.	509,532
The \$1,569,027 note payable to GEFA, under the State of Georgia Revolving Loan Fund Program with quarterly payments of \$23,845, including principal and interest at 2.0%.	743,844
	<u>\$ 1,829,002</u>

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 - Long-term and short-term obligations (continued)

The annual requirements of principal and interest to amortize each of the County's outstanding notes payable as of June 30, 2004 are as follows:

Year ending June 30,	Notes Payable		
	Principal	Interest	Total
2005	\$ 239,301	\$ 76,500	\$ 315,801
2006	250,585	65,216	315,801
2007	262,493	53,308	315,801
2008	275,064	40,737	315,801
2009	241,944	28,153	270,097
2010 - 2013	559,615	33,536	593,151
	<u>\$ 1,829,002</u>	<u>\$ 297,450</u>	<u>\$ 2,126,452</u>

### F. Refunding and Advance Refunding

In 1993, the Water and Sewerage System refunded the Series 1988, Water and Sewerage Refunding Revenue Bonds with the \$10,735,000 Series 1993, Water and Sewerage Refunding Revenue Bonds. As a result, the refunded bonds are no longer a liability of the System.

In 1996, the Water and Sewerage System advance refunded the Series 1991A, Water and Sewerage Revenue Bonds with the \$6,970,000 Series 1996A, Water and Sewerage Refunding Revenue Bonds. The System issued bonds to provide resources to purchase direct obligations of the United States of America which were placed in an irrevocable escrow account with an escrow agent to defease the maturities.

The escrow obligations, together with the earnings thereon, were sufficient to pay the redemption price of the bonds on June 1, 2001. As a result, the refunded bonds are no longer a liability of the System and have no outstanding principal at June 30, 2004.

On September 26, 2001, the County issued Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$12,155,000, with interest rates ranging from 3% - 4.25%, to refund \$11,850,000 of outstanding 1992 Water and Sewerage Revenue Bonds with interest rates ranging from 5.7% to 6.25%. The net proceeds of \$12,022,027 (after payment of \$190,901 of underwriting fees and other issuance costs) plus an additional \$430,053 of the 1992 Series sinking fund monies were used to repay the 1992 Water and Sewerage Revenue Bonds.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$955,029. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 using the straight-line method, which is not significantly different from the effective-interest method. The County completed the refunding to reduce its total debt service payments over the next 11 years by approximately \$1.3 million and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$1.4 million.

On October 17, 2001, the County issued Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$21,020,000 with interest rates ranging from 3% to 4.7%, to advance refund a portion (\$10,395,000) of outstanding 1996 Water and Sewerage Revenue Bonds with interest rates ranging from 5.15% to 5.7%, and to advance refund a portion (\$8,510,000) of outstanding 2000 Water and Sewerage Revenue Bonds with interest rates ranging from 5% to 6.25%. The net proceeds of \$20,629,262 (after payment of \$307,173 of underwriting fees and other issuance costs) plus an additional \$366,112 of the debt service fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the refunded portions' debt service payments on the 1996 Series bonds and the 2000 Series bonds. As a result, the refunded portions of the 1996 Series bonds and the 2000 Series bonds are considered to be defeased and the liability for those bonds have been reduced by the refunded portions.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 - Long-term and short-term obligations (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,512,970. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using the straight-line method, which is not significantly different from the effective-interest method. The advance refunding increased the County's total debt service payments over the next 24 years by approximately \$775,000 and resulted in an economic loss (difference between present values of the old and new debt service payments) of approximately \$2.5 million guaranteed under an insurance policy issued with the delivery of the Series 1994 Bonds by Municipal Bond Investors Assurance Corporation.

### G. Capitalized lease obligations

The County has entered into agreements for the lease of certain machinery and equipment. The term of each agreement provides options to purchase the machinery and equipment at any time during the period of the lease. The leases meet the criteria of capital leases as defined by Statements of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee.

The capitalized leases at June 30, 2004 are shown in the financial statements as follows:

	<u>Business-type Activities</u>
Machinery and equipment	\$ <u>323,958</u>

The following is a schedule by year of future lease payments:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>
2005	58,123
2006	<u>122,187</u>
Total minimum lease payments	180,310
Amount representing interest	<u>(12,528)</u>
Present value of minimum lease payments	\$ <u>167,782</u>

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

**June 30, 2004**

### Note 7 - Long-term and short-term obligations (continued)

#### H. Changes in long-term liabilities

The following is a summary of long-term debt transactions of the year ended June 30, 2004:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds payable	\$ 27,895,000	\$ -	\$ (425,000)	\$ 27,470,000	\$ 495,000
Other liabilities:					
Compensated absences	1,364,783	950,193	(1,052,036)	1,262,940	1,100,000
<b>Governmental activities long-term liabilities</b>	<b>\$ 29,259,783</b>	<b>\$ 950,193</b>	<b>\$ (1,477,036)</b>	<b>\$ 28,732,940</b>	<b>\$ 1,595,000</b>
<b>Business-type activities:</b>					
Revenue debt:					
Water and Sewerage Refunding Bonds:					
Series 1993	\$ 4,740,000	\$ -	\$ (785,000)	\$ 3,955,000	\$ 840,000
Series 1996	235,000	-	(160,000)	75,000	35,000
Series 1996A	6,455,000	-	(610,000)	5,845,000	765,000
Series 2000	16,140,000	-	(275,000)	15,865,000	300,000
Series 2001	11,010,000	-	(715,000)	10,295,000	735,000
Series 2001A	20,745,000	-	(145,000)	20,600,000	150,000
Less deferred amounts:					
For bond issuance discounts	(54,594)	(4,923)	11,419	(48,098)	-
For deferred loss on refunding	(3,392,998)	-	316,501	(3,076,497)	-
Landfill Revenue Bonds	3,390,000	-	(1,015,000)	2,375,000	1,140,000
<b>Total revenue debt</b>	<b>59,267,408</b>	<b>(4,923)</b>	<b>(3,377,080)</b>	<b>55,885,405</b>	<b>3,965,000</b>
Other liabilities:					
Water and Sewerage Notes Payable to GEFA	2,057,609	-	(228,607)	1,829,002	239,301
Capital leases	280,856	-	(113,074)	167,782	47,668
Compensated absences	268,399	190,546	(188,276)	270,669	270,669
Liability for landfill closure and postclosure care costs	9,688,820	456,005	-	10,144,825	-
<b>Total other liabilities</b>	<b>12,295,684</b>	<b>646,551</b>	<b>(529,957)</b>	<b>12,412,278</b>	<b>557,638</b>
<b>Business-type activities long-term liabilities</b>	<b>\$ 71,563,092</b>	<b>\$ 641,628</b>	<b>\$ (3,907,037)</b>	<b>\$ 68,297,683</b>	<b>\$ 4,522,638</b>

# **COLUMBIA COUNTY, GEORGIA**

## **Notes to Financial Statements - Continued**

**June 30, 2004**

### **Note 7 - Long-term and short-term obligations (continued)**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$5,467 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

#### **I. Discretely presented component units**

##### **Development Authority Taxable Revenue Bonds, Series 1993**

During 1986, the Development Authority of Columbia County issued \$1,120,000 Industrial Development Revenue Bonds, Series 1986. During 1992, the Development Authority obtained a loan with a bank which it used to pay off the Series 1986 Bonds. During 1993, the Development Authority issued \$7,515,000 Development Authority of Columbia County, Georgia, Industrial Park Taxable Revenue Bonds, Series 1993. A portion of the proceeds in the amount of \$705,171 was used to pay off the bank loan mentioned above. The remaining proceeds were used for various improvements to the existing industrial park sites. The improvements included the provision of water, sewerage, drainage and similar facilities and transportation, power and communication facilities which are incidental to the use of such land as industrial parks but, except with respect to such facilities, does not include the provision of structures or buildings. The Development Authority has the right to acquire up to 100 acres of additional land contiguous to the 284 acres fronting on Lewiston and Wrightsboro Roads, and to develop such additional land as part of that industrial site.

The Series 1993 Bonds are limited, special obligations of the Authority and are secured by a letter of credit issued by SunTrust, Atlanta, Georgia, and from payments received under an Intergovernmental Agreement for the development and marketing of an industrial park between the Development Authority and Columbia County.

Interest on the Series 1993 Bonds is to be paid monthly. The interest rate is adjusted weekly in connection with the bond market fluctuations. Principal is due on March 1 of each year. At June 30, 2004, the outstanding balance of this Revenue Bond amounted to \$3,895,000.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 – Long-term and short-term obligations (continued)

The annual requirements of principal and interest to amortize the Development Authority's outstanding revenue debt as of June 30, 2004 are as follows:

<u>Development Authority</u>				
<u>Taxable Revenue Bonds,</u>				
<u>Series 1993</u>				
June 30,	Principal	Interest	Total	Interest Rate
2005	\$ 575,000	\$ 82,800	\$ 657,800	14.40
2006	625,000	90,000	715,000	14.40
2007	665,000	95,760	760,760	14.40
2008	715,000	102,960	817,960	14.40
2009	770,000	110,880	880,880	14.40
2010	545,000	78,480	623,480	14.40
	<u>\$ 3,895,000</u>	<u>\$ 560,880</u>	<u>\$ 4,455,880</u>	

### Bartram Trail CDC, Inc., Certificates of Participation, Series 2003

During the year ended June 30, 2004, Bartram Trail CDC, Inc. issued \$8,800,000 Certificates of Participation, Series 2003, for the purpose of construction of a golf course facility. The certificates have a stated maturity of July 1, 2032, and are subject to mandatory sinking fund redemption, in order of maturity, in part by lot on July 1, beginning July 1, 2008, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

Interest on the Series 2003 is to be paid semi-annually on July 1 and January 1 of each year, beginning after January 1, 2004. For a portion of the certificates ("promissory note one"), in the amount of \$7,920,000, the interest rate will be adjusted periodically to the five-year United States Treasury Note Rate plus 1.75%, in connection with the bond market fluctuations. At June 30, 2004, the outstanding balance of promissory note one was \$7,920,000. For the remaining portion of the certificates ("promissory note two"), in the amount of \$880,000, the interest rate is fixed at 10%. For promissory note one and note two, principal is due on July 1 of each year.

<u>Bartram Trail CDC, Inc.</u>			
<u>Certificates of Participation</u>			
<u>Series 2003</u>			
Year ending June 30,	Principal	Interest	Total
2005	\$ -	\$ 523,600	\$ 523,600
2006	-	523,600	523,600
2007	-	523,600	523,600
2008	162,000	523,600	685,600
2009	171,000	514,015	685,015
2010 - 2014	1,021,000	2,404,720	3,425,720
2015 - 2019	1,364,000	2,062,350	3,426,350
2020 - 2024	1,820,000	1,605,390	3,425,390
2025 - 2029	2,429,000	995,835	3,424,835
2030 - 2032	1,833,000	222,500	2,055,500
	<u>\$ 8,800,000</u>	<u>\$ 9,899,210</u>	<u>\$ 18,699,210</u>



# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 7 – Long-term and short-term obligations (continued)

The following is a summary of long-term debt transactions for the discretely presented component units for the year ended June 30, 2004:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Development Authority					
Revenue debt:					
Taxable Revenue bonds, Series 1993	\$ 4,445,000	\$ -	\$ (550,000)	\$ 3,895,000	\$ 575,000
Total revenue debt	<u>4,445,000</u>	<u>-</u>	<u>(550,000)</u>	<u>3,895,000</u>	<u>575,000</u>
Development Authority long-term liabilities	<u>\$ 4,445,000</u>	<u>\$ -</u>	<u>\$ (550,000)</u>	<u>\$ 3,895,000</u>	<u>\$ 575,000</u>
Board of Health					
Other liabilities:					
Compensated absences	\$ 85,675	\$ -	\$ (6,580)	\$ 79,095	\$ 79,095
Total other liabilities	<u>85,675</u>	<u>-</u>	<u>(6,580)</u>	<u>79,095</u>	<u>79,095</u>
Board of Health long-term liabilities	<u>\$ 85,675</u>	<u>\$ -</u>	<u>\$ (6,580)</u>	<u>\$ 79,095</u>	<u>\$ 79,095</u>
Bartram Trail CDC					
Revenue debt:					
Series 2003 Certificates of Participation	\$ -	\$ 8,800,000	\$ -	\$ 8,800,000	\$ -
Total revenue debt	<u>-</u>	<u>8,800,000</u>	<u>-</u>	<u>8,800,000</u>	<u>-</u>
Bartram Trail CDC long-term liabilities	<u>\$ -</u>	<u>\$ 8,800,000</u>	<u>\$ -</u>	<u>\$ 8,800,000</u>	<u>\$ -</u>

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 8 - Deferred/unearned revenues

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Taxes receivable net of allowance, unavailable - General Fund	\$ 267,101	\$ -
Taxes receivable net of allowance, unavailable - Special Revenue Fund	5,418	-
Taxes receivable net of allowance, unavailable - Debt Service Fund	19,901	-
Grant income received in advance of being earned - Special Revenue Fund	-	209,202
Rent income received in advance of being earned - General Fund	-	297
Rental income received in advance of being earned - Special Revenue Fund	-	46,630
	<u>\$ 292,420</u>	<u>\$ 256,129</u>

### Note 9 - Landfill closure and postclosure care cost

State and Federal laws and regulations require that the County place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County is required to report a portion of these costs as operating expense in each period based on landfill capacity used as of each balance sheet date. After the initial calculation of the current closure and postclosure care costs, these costs are required to be adjusted annually for the effects of inflation or deflation, technology, or applicable laws or regulations.

#### Closed unlined cell

The estimated liability for landfill closure and postclosure care costs of the cell has a balance of \$1,412,098, which is based on 100% usage (filled) of the cell. The County no longer accepts waste at the cell location.

The County expects that future costs will be paid from earnings in the Solid Waste Management Fund.

#### D cell

The estimated liability for landfill closure and postclosure care costs of the D cell has a balance of \$8,732,727 as of June 30, 2004, which is based on 93% usage (filled) of the D cell. Estimated total cost of the D cell closure and postclosure care is \$9,390,029 and will be accrued ratably based on the usage over ten years, which is the estimated life of the D cell, beginning with the fiscal year ended June 30, 1996.

### Note 10 - Conduit debt obligations

From time to time, the Development Authority of Columbia County has issued tax exempt industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Development Authority, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2004, there were five series of Development Authority tax exempt industrial revenue bonds outstanding, with an aggregate principal amount of \$58,068,200.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 11 - Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government is a member of a public entity risk pool. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. As of June 30, 2004, the County had recorded no liability for claims.

The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund (ACCG-IRMA) and the ACCG Group Self-Insurance Workers Compensation Fund (ACCG-GSIWCF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agent and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

As a participant in the ACCG-GSIWCF, which also provides claims administration and loss control services, the County has a \$200,000 loss retention. This program is accounted for in the General Fund. Premiums are paid into the General Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the General Fund.

Changes in the balances of worker's compensation claims during fiscal years 2004 and 2003 are as follows:

	2004	2003
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	118,284	175,991
Claim payments	(118,284)	(175,991)
Unpaid claims, end of year	\$ -	\$ -

During 1994, Columbia County entered into an agreement with the ACCG-IRMA to provide coverages for property, automobile, general liability, law enforcement liability, public officials liability, crime and boiler and machinery exposures. The County has a loss retention of \$50,000 per occurrence. The County separately budgets funds for claims for which no governmental immunity exists, and other claims which the County deems appropriate for payment. This program is accounted for in the Risk Management Fund, an Internal Service Fund.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 11 - Risk management (continued)

Changes in the balances of property and liability claims during fiscal years 2004 and 2003 are as follows:

	2004	2003
Unpaid claims, beginning of fiscal year	\$ 3,686	\$ 25,621
Incurred claims	338,022	335,509
Claim payments	(334,133)	(357,444)
Unpaid claims, end of year	\$ 7,574	\$ 3,686

The County made no reduction in its insurance coverage during the year ended June 30, 2004. During the past three years claims have not exceeded insurance coverage. The County believes that the insurance coverage is adequate.

The County accounts for the financial operations of a self-insured employee group health program in an Internal Service Fund. Specific stop loss coverage in the amount of \$50,000 per covered individual is maintained to reduce the exposure from catastrophic claims. A third party administrator is employed to process claims for the program. Claims "incurred but not reported" are accounted for as accrued expenses in the Internal Service Fund in accordance with FASB Statement No. 5.

Changes in the balances of medical claims during the fiscal years 2004 and 2003 are as follows:

	2004	2003
Unpaid claims, beginning of fiscal year	\$ 182,434	\$ 9,566
Incurred claims	3,080,390	2,610,060
Claim payments	(3,008,432)	(2,437,192)
Unpaid claims, end of year	\$ 254,393	\$ 182,434

### Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's management and counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

### Note 12 - Pension plans

#### Defined Contribution Plan

The County and its qualified employees participate in the Columbia County Money Purchase Retirement Plan.

At June 30, 2004, 98% or 723 of the County's 740 employees were participants in the defined contribution plan.

The payroll for all employees for the year ended June 30, 2004, amounted to \$23,911,692. All regular employees who work more than 1,000 hours during the calendar year are eligible to participate in the plan. The payroll for covered employees amounted to \$23,851,826 for the year ended June 30, 2004. During the year ended June 30, 2004 the County contributed \$2,189,679 to the defined contribution plan, or approximately 10% of the covered payroll. The defined contribution plan assets at June 30, 2004, are as follows:

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 12 - Pension plans (continued)

Money Funds	\$ 2,568,891
Insurance Contracts	2,014,508
Mutual Funds	<u>7,553,842</u>
Total assets	\$ <u>12,137,241</u>

Plan assets are reported at fair value for financial reporting purposes.

The maximum contribution by the County to an employee's retirement account is 8%, which consists of (a) a base amount equal to 4% of the annual salary of an employee plus (b) a matching contribution equal to one half the amount an employee voluntarily contributes into the deferred compensation plan, up to a maximum of 4% of the employee's annual salary. The vesting schedule for the employer portion of the contribution is as follows:

Year 1	0%
Year 2	25%
Year 3	50%
Year 4	75%
Year 5	100%

Investment options under the plan consist of a fixed annuity option which provides a guaranteed rate of return and a variable annuity option for employees willing to assume increased investment risk in exchange for a potentially higher rate of return. Employees may change the investment option where future deposits will be invested, or move money from one option to another. The plan is administered by Government Employees Benefit Corporation of Georgia.

### Deferred Compensation Plan

The County has adopted a deferred compensation plan, the Columbia County Deferred Compensation Plan, in accordance with Section 457 of the Internal Revenue Code. The plan allows any employee participant to voluntarily defer up to 25% of the participant's gross compensation not to exceed \$13,000 per year. All administration costs of the plan are deducted from the participants' accounts. Benefit payments are payable upon termination of employment, unforeseeable emergency, retirement or death. The Custodial Account Agreement requires the County set aside assets and income from the plan in trust for the exclusive benefit of the participants and their beneficiaries. The County is in compliance with the agreement.

The County believes that it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Investments are managed by the Plan Administrator under one of three investment options, or a combination thereof. The available options include fixed annuity, variable annuity and universal life insurance. The choice of the investment option(s) is made by the participant.

At June 30, 2004, 83% or 612 of the County's 740 employees were participants in the deferred compensation plan.

The employees of the County contributed \$1,506,549 to the deferred compensation plan during the year ended June 30, 2004.

The County has amended its plan to comply with the requirements of subsection (g) of Internal Revenue Code Section 457 and it has adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. All assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of the participants and their beneficiaries.

# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 13 - Construction commitments

The County has active construction projects as of June 30, 2004. The projects include construction of water and waste water facilities, a County library and office expansion, road improvements, and recreational facilities. At year end the County's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Halali Farm Road Storage Tanks	\$ 3,346,140	\$ 635,260
Little River Waste Water Plant Expansion	6,223,203	717,515
Blanchard Plant Expansion Phase I & II	11,214,951	616,341
Main Library and County Office Additions	2,565,274	6,676,287
Recreational Facilities and Parks	1,420,895	584,344
Road improvement construction	1,761,135	1,924,119
Road paving construction	823,399	1,595,981
Total	<u>\$ 27,354,997</u>	<u>\$ 12,749,847</u>

### Note 14 - Hotel/motel lodging tax

Columbia County has levied a 5% lodging tax pursuant to Official Code of Georgia Annotated (O.C.G.A.) 48-13-51. The County has entered into a contract with the Augusta Metropolitan Convention and Visitors Bureau, Inc. (AMCVB) to be the principal provider of convention and tourist promotion services. The County has received an audit report from the AMCVB for expenditure of the lodging tax monies, which were used for the promotion of tourism as required by O.C.G.A. 48-13-51. In prior years, the receipts and disbursements for these monies were accounted for in the General Fund. During the year ended June 30, 2001, a special revenue fund was created to account for the lodging tax monies. A summary of the transactions for the year ended June 30, 2004 follows:

Lodging tax receipts	\$ 316,514
Disbursements for promotion of tourism	<u>(155,130)</u>
Balance of lodging tax funds on hand at end of year	<u>\$ 161,385</u>

### Note 15 - Joint venture

Under Georgia law, the County, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2004, the County paid \$61,039 in such dues. Membership in the RDC is required by the O.C.G.A. Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

Central Savannah River Area  
Regional Development Center  
Augusta, Georgia 30903



# COLUMBIA COUNTY, GEORGIA

## Notes to Financial Statements - Continued

June 30, 2004

### Note 16 – Significant contingencies

#### Federal and State assisted programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### Claims and judgments

The County is a defendant in various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the County.

#### Arbitrage

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Although the actual amount to be paid is not presently determinable, the County believes that arbitrage payables are not significant.

### Note 17 – Prior period adjustment

In the prior year, the County calculated depreciation expense incorrectly for the Water and Sewerage fund, resulting in an overstatement of property, plant and equipment and an overstatement of net assets in the fund of approximately \$1,061,000. An adjustment, which included a net decrease to fund equity of \$1,060,899, as of the beginning of the year, was made to correct this error in the accompanying financial statements.

### Note 18 – Subsequent events

Subsequent to June 30, 2004, the County plans to issue general obligation sales tax bonds of \$22,750,000 for the purpose of financing County public safety and recreation projects. The County also plans to issue Water and Sewerage revenue bonds of \$31,490,000 for the purpose of improving its water and sewer system and refunding its Water and Sewerage Revenue Bonds, Series 1993.